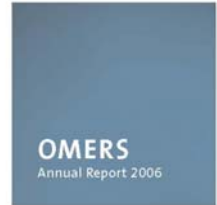


OMERS Spring Stakeholder Meeting



Agenda

- Introduction of the OMERS Administration Corporation Board of Directors
- Administration Corporation Highlights
- 2006 OMERS Plan Results
- Update on the OMERS Sponsors Corporation
- Introduction to the OMERS Supplemental Plan
- Questions and Answers

Administration Corporation Board

| <i>Employer Representatives</i> | <i>Plan Member Representatives</i> |
|-------------------------------------|--|
| Frederick Biro | David Kingston |
| Cam Weldon | David Carrington |
| John Sabo | John Weatherup |
| Ann Mulvale | Rick Miller |
| Michael Power | Ed DeSousa |
| Gerard Sequeira | Richard Faber |
| David O'Brien | Peter Routliff |

Some Administration Corporation Highlights

- Strong investment returns in 2006
- A reduction in the Plan deficit
- Governance change and the new OMERS Act
- The new OMERS Supplemental Plan for police, fire fighters and paramedics

Our Commitment to You:

- Ensure that the plan is well managed and the pensions are secure, now and in the future
- Continue to provide high quality service to the Plan members and employers

Presentation to Sponsors and Stakeholders



Michael Nobrega
OMERS President and CEO
June 14, 2007

Our #1 Priority and Promise to You:

To pay our members' pensions and to ensure they
remain secure

OMERS 2006 Results - Highlights

- Gross return of 16.4% against an actuarial return of 6.75%
- Net investment income totaled \$6.5 billion
- Net assets increased from \$41.1 to \$47.6 billion
- Added value of \$3.8 billion above the actuarial return
- Satisfaction rating of 91% in pension services

New and Improved Assets - 2006

- Seven Iconic Canadian Fairmont Hotels
- Major partner in purchase of Associated British Ports Ltd.
- Follow-on investments in Bruce Power



Net Investment Income

(for the period ended December 31, 2006)

| | (\$ millions) |
|--------------------------|---------------------|
| Public Investments | 4,894 |
| Private investments | <u>1,776</u> |
| | 6,670 |
| <i>(Operating Costs)</i> | <u>(174)</u> |
| Total OMERS | <u>6,496</u> |

Plan Performance

| \$ Millions | 2004 | 2005 | 2006 |
|--------------------------------|------|------|------|
| Investment Management Expense | 147 | 160 | 169 |
| Pension Administrative Expense | 43 | 36 | 38 |
| Total Operating Cost | 190 | 196 | 207 |

| \$ Dollars | 2004 | 2005 | 2006 |
|-----------------|------|------|------|
| Cost per member | 138 | 111 | 114 |

Pension Plan Comparison

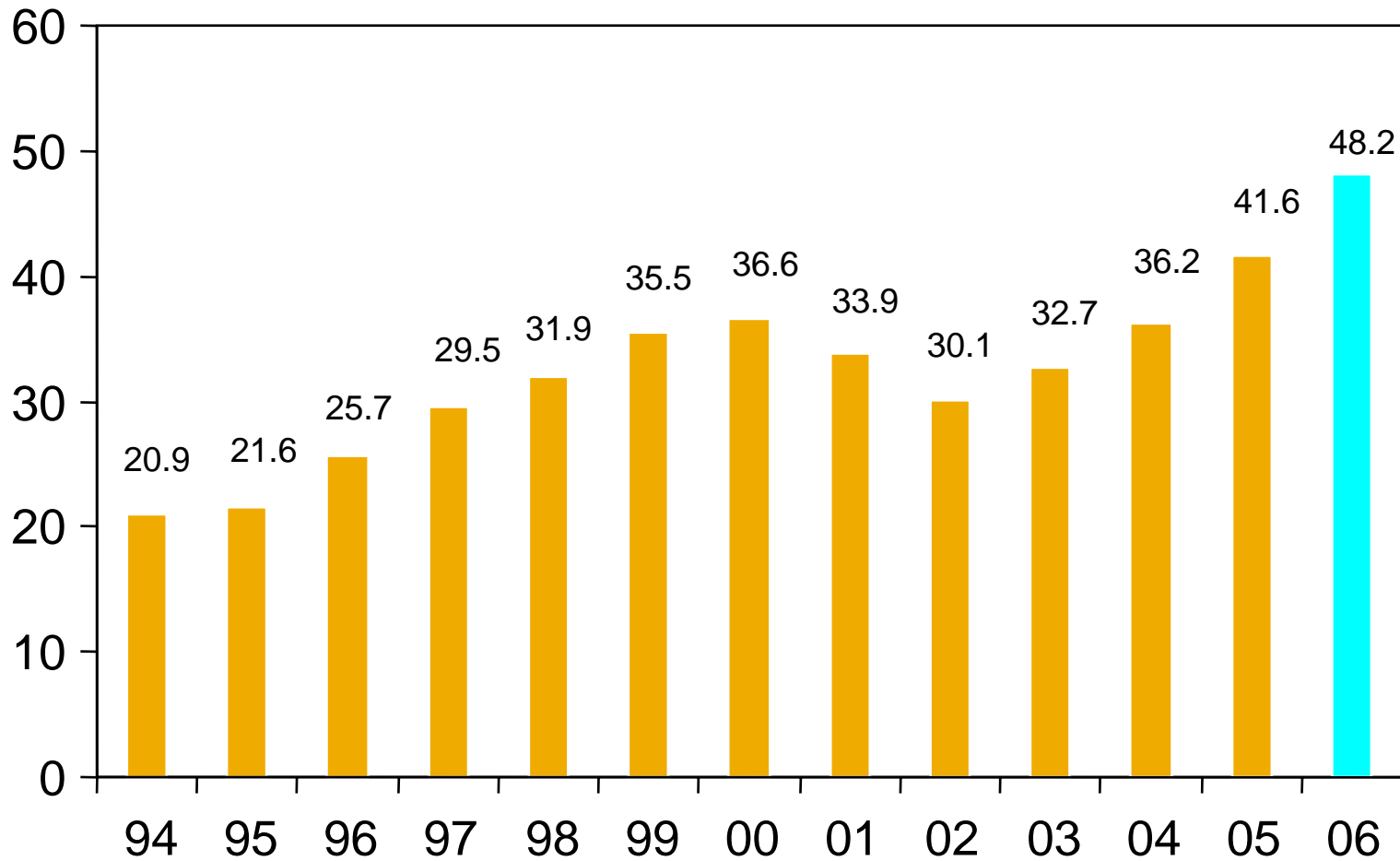
| Total Fund | <u>2006</u> | <u>2005</u> | <u>2004</u> | <u>3 year annualized</u> |
|---------------------------------|-------------|-------------|-------------|--------------------------|
| OMERS | 16.4% | 16.0% | 12.1% | 14.8% |
| Ontario Teachers | 13.2% | 17.2% | 14.7% | 15.0% |
| Caisse de Dépôt et Placement | 14.6% | 14.7% | 12.2% | 13.8% |

Recap - Where we have been

- Strong return on investments
- Growing portfolio of solid and stable assets
- Costs reduced and held in check

Net Investment Asset Growth

Market Value (\$ Billions)



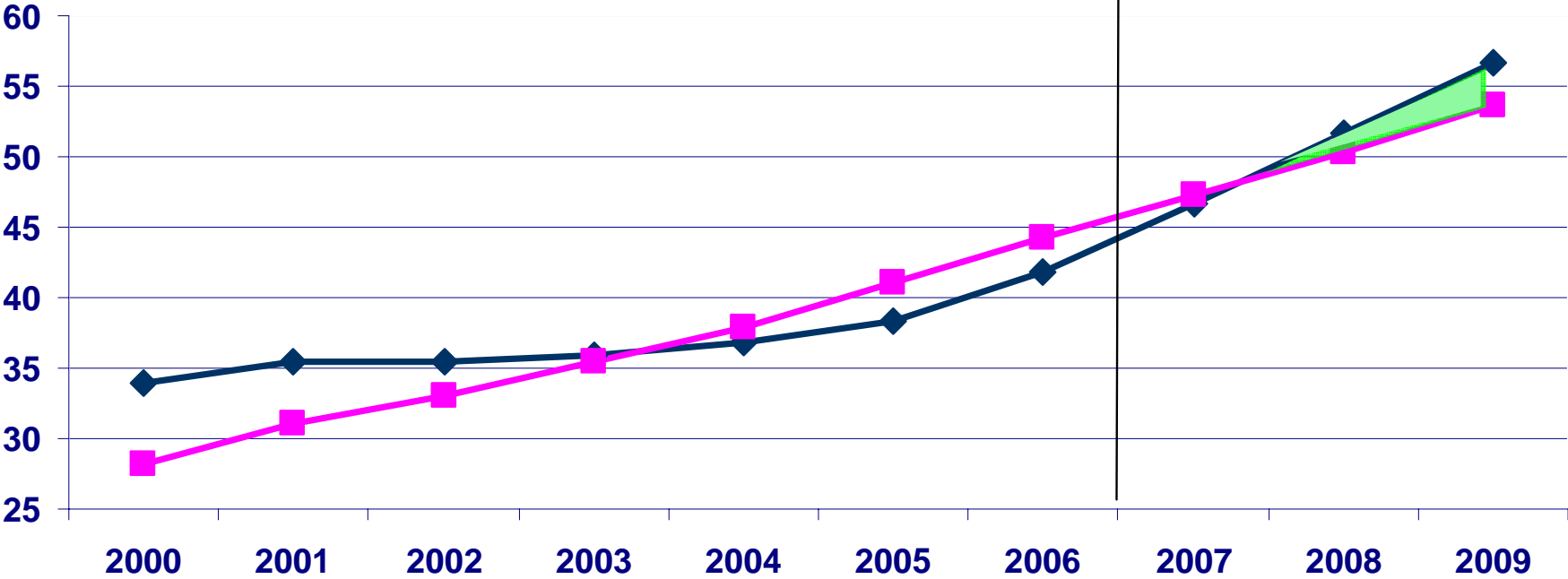
OMERS Funded Position

Short-term Outlook

\$Billions

past actual

future projection



Actuarial Liabilities Actuarial Assets

OMERS Asset Mix Strategy

What is it?

- Gradual shift in weighting from public investments to private investments

Why are we doing it?

- Returns from private investments are expected to be stronger and more stable over time

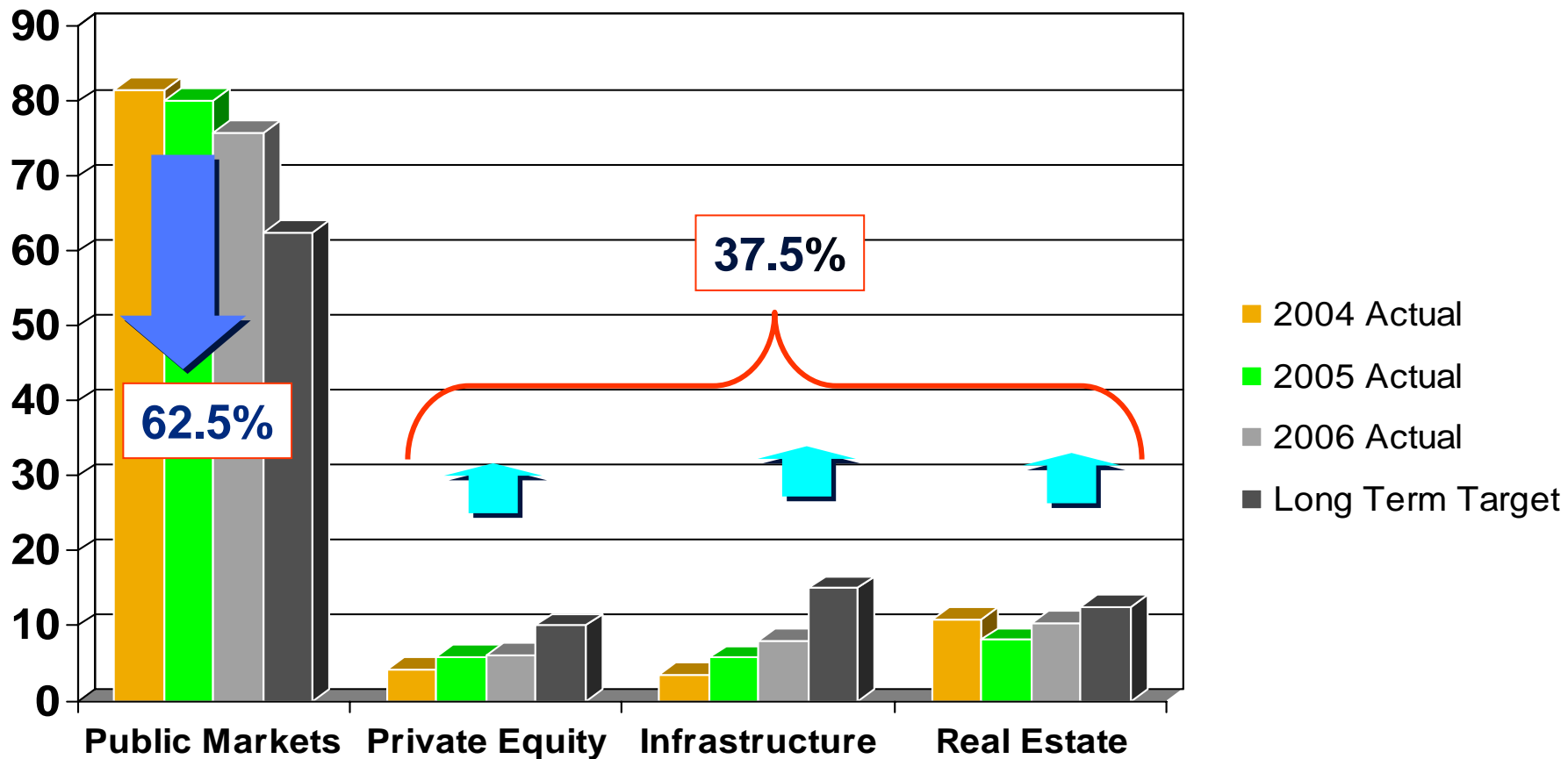
Asset Mix (as at December 31, 2006)

\$ billions

| | <u>2006</u> | | <u>2003</u> | |
|---------------------|---------------|-------------|---------------|-------------|
| Public Investments | \$36.0 | 75.8% | \$26.3 | 82.2% |
| Private Investments | \$11.6 | 24.2% | \$ 5.8 | 17.8% |
| <u>Total</u> | <u>\$47.6</u> | <u>100%</u> | <u>\$32.1</u> | <u>100%</u> |

Long Term Investment Strategy

Shifting Asset Mix to Alternative Assets



About the Plan

The value of the OMERS pension:

- Guaranteed pension income for life – formula based on years of plan service and earnings
- 100% inflation protection
- Excellent spousal benefits – maximum allowable under federal law
- Early retirement options

Industry Leader in Service

- We now serve over 372,000 members, 2.2% more than 2005, and over 900 employers
- Pension payments of \$1.49 billion were made to over 101,000 retirees and the number is growing...
- Our web site had 607,600 visits in 2006 , an increase of 26%

Responding to Service Needs

- Pension Division met or exceeded all of its performance measures
 - Pensions paid promptly on the first banking day of the month
 - Initial claims processed in less than two business days versus target of three days
 - More than 90% of inquiries resolved at the first call
- E-access program continues to grow with 87% of employers (covering 99% of active members) registered in the program

2007 Priorities

- Generate strong investment returns
- Continue the shift to private investments
- Maintain first-in-class pension services
- Finalize supplemental plan design
- Build a strong foundation with the SC

Update on the OMERS Sponsors Corporation



Marianne Love Brian O'Keefe
OMERS Sponsors Corporation Co-Chairs
June 14, 2007

Overview of the OMERS Act 2006

- Proclaimed on June 30, 2006
- Transferred sponsorship from Ontario government to OMERS Sponsors Corporation (SC)
- Ontario Municipal Employees Retirement Board continued as the OMERS Administration Corporation (OMERS, AC) to administer the OMERS pension plans

OMERS Sponsors Corporation

Responsibilities

- Plan design
- Sets contribution rates
- Decides when to file the plan valuation
- Determines the future composition of both the OMERS SC and AC Boards
- Determines remuneration and expenses for both Boards

Current SC Composition

| Employer Representatives | Plan Member Representatives |
|--|---|
| Garth Pierce Ontario Association of Police Services Boards | Bruce Miller Police Association of Ontario |
| Louise Eason City of Toronto | Brian O'Keefe (Interim Co-Chair) CUPE (Ontario) |
| Brian Cain Ontario Public School Boards' Association | Ann Dembinski CUPE (Local 79) |
| Marianne Love (Interim Co-Chair) Association of Municipalities of Ontario | Fred LeBlanc Ontario Professional Fire Fighters Association |
| Bruce Stewart Association of Municipalities of Ontario | Marnie Niemi Ontario Public Service Employees Union |
| Charlie Macaluso Electricity Distributors Association | Glen Mills Municipal Retirees' Organization Ontario |
| Joe Aitchison Ontario Association of Children's Aid Societies | Jack Jones Ontario Secondary School Teachers' Federation |

SC Activities (since June 30, 2006)

- Confirmed SC members and appointed Co-Chairs
- Established key SC operating by-laws
- Established interim protocol for communicating with sponsors, including the creation of a website
- Established a regular schedule for meetings
- Negotiated start-up funding with provincial government
- Completed initial orientation and education on the OMERS plans, including Supplemental Plan

SC Activities (since June 30, 2006)

cont'd

- Received the 2006 actuarial plan valuation from AC
- Regular meetings with the government appointed facilitator
- Regular meetings between the SC and AC Chairs/AC staff
- Established administrative infrastructure at 1 University Avenue

SC Activities (since June 30, 2006)

cont'd

- Establishing a framework agreement to guide relationship between the SC and AC (e.g. roles / responsibilities, communications/consultation, reporting, board remuneration, plan changes, etc.)
- Working with AC to address issues of ongoing funding:
 - Collection of sponsors fees from members and employers
 - Protocol with AC on legitimate expenses funded from the OMERS plans

Upcoming Initiatives for the SC

- Determine filing date of the 2006 actuarial plan valuation
- Establish additional by-laws
- Determine remuneration and expenses for both Boards
- Determine future composition of the AC Board

Upcoming Initiatives for the SC

cont'd

- Consider/approve outstanding plan benefit changes as presented by the AC
- Establish protocol for receiving input from sponsors on plan design issues
- Prepare submission to Expert Commission on Pensions in conjunction with AC

Conclusion

- SC and AC are working together to give effect to the goal of good governance that this change makes possible

Supplemental Plan Update 2007



**Stakeholder Meeting
June 14, 2007**

Our Meeting Today

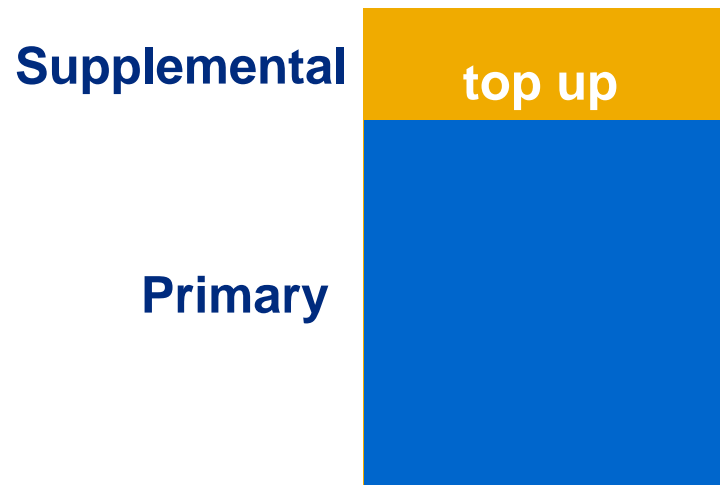
- Supplemental Plan: Background
- Benefits Available/Eligibility
- Past and Future Service
- Related Benefits
- Costs
- Project Update
- What's Next

Supplemental Plan – Background

- Under new *OMERS Act*, OMERS Administration Corporation (AC) must develop Supplemental Plan to offer optional benefits for members of police and fire sectors and paramedics by July 1, 2008
- Sponsors Corporation (S.C.) responsible for future amendments & to establish other Supplemental Plans
- Up until June 30, 2009 Ontario Government can make regulations re. supplemental plans
- Benefits not automatic – benefits may be provided by employer e.g. through bargaining

Supplemental Plan – Background

- Stand-alone defined benefit pension plan – separate registered pension plan from Primary Plan
- Acts as “top up” to benefits in Primary Plan



Supplemental Plan – Background

- May be offered to a specific class of employees
- One supplemental benefit may be established for that class every 36 months
- Benefits would apply to all members in that class – individual member cannot opt out
- Funded by those participating in Supplemental Plan: members and employers
- Primary Plan cannot subsidize Supplemental Plan

Benefits Available

| | Police officers and Firefighters | Paramedics | Police Civilians |
|-----------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| 2.33 Accrual rate | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 80 factor | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 85 Factor | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| "Best four" earnings | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| "Best three" earnings | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |

Eligibility

- OMERS has 200-plus employers with police/fire/paramedic employees
- More than 40,000 police/fire/paramedic members in OMERS Primary Plan
- All are potentially eligible for Supplemental Plan



Eligibility

- OMERS Act defines police according to definition in the *Police Services Act*. May include civilian members of police force.
- Firefighters defined under *Fire Protection and Prevention Act*. Includes firefighters involved in fire suppression, detection, prevention, training...
- Paramedics defined under *Ambulance Act*.
- Note: Paramedics retain a normal retirement age of 65 in Primary Plan.

Past and Future Service

Future Service –from the agreement effective date

- Benefits earned on “go-forward” basis
- Paid for through increased contributions by member and employer
 - Cost shared 50/50 (% of contributory earnings)

Past Service – prior to the agreement effective date

- Member buyback cost will be calculated as present value

Related Benefits

- Survivor benefits:
 - Same order of entitlement as in Primary Plan
 - Member can designate different beneficiary in Supplemental Plan
- Inflation protection: 100% of CPI as in Primary Plan



Related Benefits

- Disability benefits: includes waiver and pension as in Primary Plan
- RCA (Retirement Compensation Arrangement for high income earners) not available in Supplemental Plan

Costs

- Detailed future service contribution rates will be available at June 28, 2007 Special Technical Briefing session

Once Supplemental Plan is in place, individual costings for member past service will be available



Project Update

- On target for completion July 1, 2008
- Supplemental Plan Text
- Funding Policy and Costing Framework
- Systems Development
- Statement of Investment Policies/Procedures
- Service Delivery Framework, and Staff Training
- External Communications

What's Next

- Special Technical Supplemental Plan briefing on June 28, 2007
- Communications roll-out in Fall/2007

Questions & Thank you

